

## CHAMPVA POLICY MANUAL

CHAPTER: 2  
SECTION: 17.1  
TITLE: DURABLE MEDICAL EQUIPMENT AND SUPPLIES

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**AUTHORITY:** 38 CFR 17.270(a), 17.272(a) and 17.273(e)

**RELATED AUTHORITY:** 32 CFR 199.2 and 32 CFR 199.4(d)(3)(ii)

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### I. EFFECTIVE DATE

September 28, 1982

### II. PROCEDURE CODE(S)

HCPCS Level II Codes E0100-E2101, K0001-K0551, K0556-K0559, K0561-K0562, K0579, K0581-K0597

### III. DEFINITIONS

A. Lifting chair/seat. A mechanical device, either an integral part of or an addition to a conventional wheelchair, or as a device used with a household chair for the purpose of assisting a disabled individual to a standing position.

B. Recliner chair. A deluxe or super-deluxe electrically operated lounging chair that is capable of adjusting to several positions.

C. Vehicle lift (detachable). A standard, non-custom made, detachable lift that can be removed from one vehicle and used in another vehicle with accommodating dimensions for a wheelchair or an approved alternative is considered an accessory.

D. Vehicle lift (non-detachable). Lifts that are non-detachable and/or are manufactured for a specific vehicle (cannot be removed from one vehicle and used in another vehicle) are viewed as customizations to the vehicle not an accessory to the wheelchair.

E. Sonicguide®. A device for a visually disabled helpless child which operates on the principle of reflected high frequency sound which when converted into audible stereophonic signals provide the used with information about the distance, position and surface characteristics of objects within the travel path and immediate environment.

#### IV. POLICY

A. Durable medical equipment (DME) which is ordered by a physician for the specific use of the beneficiary, and that complies with the following criterion of DME may be cost shared subject to applicable conditions, exceptions, limitations and exclusions of this manual. Durable Medical Equipment criterion is as follows:

1. equipment for which the allowable charge is over \$300,
2. is medically necessary for the treatment of a covered illness or injury,
3. improves the function of a malformed, diseased or injured body part or retards further deterioration of the patient's physical condition,
4. is used primarily and customarily to serve a medical purpose, rather than primarily for transportation, comfort or convenience,
5. can withstand repeated use,
6. provides the medically appropriate level of performance and quality for the medical condition present (that is, non-luxury and non-deluxe),
7. is other than spectacles, eyeglasses, contact lenses or other optical devices, and hearing aids, and
8. is other than exercise equipment, spas, whirlpools, hot tubs, swimming pools or other such items.

B. The attending physician must prescribe equipment for a use consistent with required Food and Drug Administration (FDA) approved labeling for the item. When prescribed use of an item appears to be extraordinary, a signed statement from the manufacturer that a specific medical device is FDA approved for such a use is adequate evidence that the CHAMPVA requirement of FDA approval is met.

C. Repair of beneficiary owned DME, which otherwise meets the DME benefit requirement, may be cost shared when necessary to make the equipment serviceable.

1. The repair charge may include the use of a temporary replacement item provided during the period of repair.
2. Maintenance that must be performed by a manufacturer and authorized technician may be cost shared.

D. Replacement of beneficiary owned DME which otherwise meets the CHAMPVA DME benefit requirement, may be allowed when the item is not serviceable due to normal wear, accidental damage, a change in the beneficiary's condition, or the device has been declared adulterated by the FDA. For life support equipment, a new item may be purchased when the same type of item in use is within 90 days of the manufacturers' recommended replacement threshold.

E. A wheelchair, or an approved alternative, which is necessary to provide basic mobility is covered.

1. Medically necessary modifications may be considered for coverage.

2. A car lift for a wheelchair, or an approved alternative, is considered an accessory that may be considered for coverage.

F. Customization, accessories and supplies that are essential for beneficiary owned DME that otherwise meets the requirements to provide therapeutic benefit, or to assure the proper functioning of the equipment or to make the equipment serviceable may be cost shared.

G. A duplicate item of DME that otherwise meets the DME benefit requirement that is essential to provide a fail-safe, in-home, life-support system may be cost-shared.

H. A Sonicguide® device is authorized for a visually disabled helpless child.

## **V. POLICY CONSIDERATIONS**

A. See other issuances in this chapter that provide cost share criterion for specific items of DME.

B. In consideration of [Chapter 3, Section 2.1](#), *Cost Share*, the following information is provided.

C. Items for which the allowable charge is less than \$300.00 may be cost shared as medical supply items.

1. The maximum allowable amount for an item of durable medical equipment is:

a. the lower of the total rental cost for the period of medical necessity or the reasonable purchase cost (including purchase through VA sources), and

b. delivery charge, pick-up charge and taxes.

2. The reasonable purchase cost determination shall consider whether the item is new or used in the calculation of an allowable amount using allowable charge methodology for standard items of equipment, accessories and supplies within a state or purchased through VA sources, whichever is the lesser cost.

a. For customized items, the Health Administration Center (HAC) may price such items using documented evidence of retail prices for customization in the state of purchase or the price from VA procurement sources, whichever is the lesser cost.

b. Rental cost share associated with an initial prescription may be excluded from the calculation of the allowable amount for a second prescription that extends the period of medical necessity due to clinical complications.

3. The medically necessary period used in the rent or purchase allowable amount determination shall be the lesser of the estimated period of medical necessity or the period of continued eligibility.

4. Each initial claim must be documented by a prescription from the beneficiary's attending physician, dated within 30 days of the rental, order, purchase or repair of the equipment, which explains:

a. how the equipment is expected to contribute to the treatment of the beneficiary's specific illness or injury or to the reduction of the disabling effects of a malformed body member or developmental disability, and

b. the beginning and ending dates of the period during which the DME will be medically necessary. An "indefinite" period of medical necessity is not an acceptable statement. A "lifetime" period of medical necessity is acceptable when supported in the statement of medical necessity.

5. A written notice to the beneficiary and to the equipment vendor shall be made when the HAC determines that:

a. purchase is most advantageous to the government and the claim is for rental (the maximum allowable amount shall be specified in the notice), and

b. rental is most advantageous to the government and the claim is for purchase (the maximum allowable amount shall be specified in the notice).

6. Repair allowable amount is limited to the lower of the reasonable purchase cost or of the total rental cost for the remaining period of medical necessity.

7. Replacement equipment purchase allowable amount is limited to the reasonable purchase cost secured through VA procurement sources less any warranty credit or other payment due from third party liability.

8. A claim that is suspected to involve malicious damage, culpable neglect, or wrongful disposition of equipment shall be referred for program integrity review.

D. Coverage is provided for lifting chairs and/or seat lifts when prescribed by a physician for a patient with severe arthritis of the hip or knee and for patients with muscular dystrophy or other neuromuscular diseases when the patient can benefit therapeutically from use of such equipment. Coverage is subject to medical review.

E. Wheelchair or an approved alternative, which is medically necessary to provide basic mobility, including reasonable additional cost for medically necessary modifications to accommodate a particular disability, may be cost shared as DME.

F. Durable Medical Equipment and Supplies Allowable Charge Method:

1. Application.

a. Claims Adjudication Determinations.

(1) Adjudication of DME claims involves a two-step process.

(i) STEP 1. Whether the equipment meets the definition of DME, is medically necessary, and is otherwise covered in accordance with this manual.

(ii) STEP 2. Whether the equipment should be rented or obtained through purchase (including lease/purchase). To arrive at a determination for this step, the following information is required:

(a) a statement of the patient's prognosis and the estimated length of medical necessity for the equipment,

(b) the reasonable monthly rental charge,

(c) the reasonable purchase cost of the equipment (both local and VA Prosthetics Service),

(d) the HAC must determine whether, given the estimated period of medical necessity, it would be more economical and appropriate for the equipment to be rented or purchased (In most cases, the total allowable payment will not exceed the reasonable purchase cost of the equipment. The most likely exception to this will be where, after an initial rental period predicated on anticipated brief medical necessity, a more prolonged period of medical necessity becomes apparent and purchase would now be less costly.), and

(e) the monthly periodic payment must be limited to not more than 75% or 80% dependent on the applicable patient cost share of the allowable monthly rental charge; monthly payments will be made until not more than 75% or 80% dependent on the applicable cost share of the total allowable purchase price (including the allowable interest charge) has been paid or medical necessity no longer exists (whichever occurs first).

b. If the beneficiary has opted to lease/purchase, the HAC must establish a mechanism for making regular monthly payments without requiring the claimant to submit a claim each month. It is not required or expected that the HAC will automate the payment, as the volume for this type of claim will be quite low. In cases of "indefinite need", medical necessity must be updated after the first three months and every six months thereafter. Special care must be taken to avoid payment after termination of eligibility or in excess of the total allowable benefit. In making monthly payments, the HAC will report only that portion of the billed charge that is applicable to that monthly payment.

(1) Notice to Beneficiary. Once the HAC has made a determination to rent or purchase, the beneficiary shall be notified of that determination. The beneficiary is not required to follow the determination (he or she may purchase the equipment even though the HAC has determined that rental is more cost effective), but payment will always be based on the HAC determination. Because of this, the notice should be carefully worded to avoid giving any impression that compliance is mandatory.

## **VI. EXCEPTIONS**

A. See [Chapter 2, Section 12.4](#), *Infantile Apnea*.

B. A wheelchair or an approved alternative, which is medically necessary to provide basic mobility, including reasonable additional cost for medically necessary modifications to accommodate a particular disability, may be cost shared as DME.

## **VII. EXCLUSIONS**

A. DME for a beneficiary who is a patient in a type of facility that ordinarily provides the same type of items to its patients at no additional charge in the usual course of providing its services.

B. DME for which a beneficiary has no obligation to pay (DME received at no charge from a Uniformed Services Medical Treatment Facility).

C. DME with deluxe, luxury or immaterial features that increase the cost of the item to the government relative to a similar item without those features.

D. Maintenance agreements.

E. Routine periodic servicing, such as testing, cleaning, regulating and checking which the manufacturer does not require be performed by an authorized technician.

F. Rental or purchase of an allowed item, other than life-support equipment, solely to be used as a back-up to currently owned or rented equipment.

1. A cost that is non-advantageous to the government shall not be allowed even when the equipment cannot be rented or purchased within a "reasonable distance" of the beneficiary's current address. The charge for delivery and pick-up is an allowable part of the cost of an item; consequently, distance does not limit access to equipment.

2. Line item interest and carrying charges for equipment purchase shall not be allowed. CHAMPVA lump-sum payment for purchase of an item of equipment is the limit of the government cost share liability. Interest and carrying charges result from an arrangement between the beneficiary and the equipment vendor for prorated payment of the beneficiary's cost share liability over time.

G. Vehicle lifts that are non-detachable and/or manufactured for a specific vehicle that cannot be removed from one vehicle and used in another vehicle are viewed as customizations to the vehicle and not an accessory to the wheelchair and are not covered.

H. Household chairs.

I. Recliner chair.

**\*END OF POLICY\***